Supreme Court, U.S.
FILED
JAN 25 1995
OFFICE OF THE CLERK

Nos. 94-1119 & 94-1120

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

20TH CENTURY INSURANCE CO., *et al.*,
Petitioners,

v.

CHARLES QUACKENBUSH, Insurance Commissioner, *et al.*,
Respondents.

CENTURY-NATIONAL INSURANCE CO., *et al.*,
Petitioners,

v.

CHARLES QUACKENBUSH, Insurance Commissioner, *et al.*,
Respondents.

On Petition for a Writ of Certiorari to the Supreme Court of California

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BRIEF *AMICI CURIAE* OF THE AMERICAN INSURANCE ASSOCIATION, THE NATIONAL ASSOCIATION OF INDEPENDENT INSURERS, AND THE ALLIANCE OF AMERICAN INSURERS IN SUPPORT OF PETITIONERS

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INTEREST OF *AMICI CURIAE*

The American Insurance Association ("AIA") is a national trade association, with headquarters in Washington, D.C., representing more than 270 property and casualty insurance companies in the United States. In 1993, AIA member companies wrote $53 billion in insurance premiums, $5.7 billion in California.

The National Association of Independent Insurers ("NAII") is a national trade association, with headquarters in Des Plaines, Illinois, representing more than 570 property and casualty insurance companies in the United States. In 1993, NAII member companies wrote over $62 billion in insurance premiums, $7 billion in California.

The Alliance of American Insurers ("AAI") is a national trade association, with headquarters in Schaumburg, Illinois, representing more than 220 property and casualty insurance companies in the United States. In 1993, AAI member companies wrote $19 billion in insurance premiums, $1.3 billion in California.

Together, AIA, NAII, and AAI member companies constitute more than 60 percent of the market of the nation's property and casualty insurance.

Many AIA, NAII, and AAI member companies are subject to California insurance rate regulation. Following the California Supreme Court's decision in this case, California Insurance Commissioner Garamendi ordered 28 insurance companies to pay Proposition 103 rollbacks totaling $1.25 billion. *See* Appendix to this Brief. The Commissioner ordered at

least $900 million of these payments from AIA, NAII, and AAI member companies.

AIA, NAII, and AAI member companies also sell insurance in every other state that regulates insurance rates. AIA, NAII, and AAI file this brief *amici curiae* because of their interest in preventing the State of California from taking the property of member companies through confiscatory maximum premium rates. *Amici* also are legitimately concerned that other states may join California in a race to the bottom, adopting the same erroneous constitutional standard and establishing maximum premium rates that threaten the survival of insurance companies.*

SUMMARY OF ARGUMENT

This is a case of extraordinary importance for insurance companies and policyholders nationwide. The effect of a state-regulated rate that precludes a company from recovering its cost of capital is more than just a cost of doing business in a regulated environment; recovery of the cost of capital is necessary to the continuing viability of any business. Denial of the cost of capital by government action is confiscation.

The cost of capital describes the rate of return a business must produce to attract capital in a competitive market. If a business is not expected to produce a rate of return at least comparable to that available from other

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* Counsel to the parties have consented to the filing of this brief. *Amici* have filed letters of consent with the Clerk.

investments with similar risk, capital will flow away from that business into superior investments. An insurance company's primary capital is the funds that stand behind its ability to pay claims and meet the demands of unexpected events. An insurance company guaranteed not to make its cost of capital will begin a downward spiral of lost capital that will increase the riskiness of the firm and threaten its financial integrity.

This decline in capital imposes heavy costs on policyholders because the insurance company's ability to handle future losses is diminished. Policyholders lose the security they have purchased with insurance.

The California Supreme Court announced its constitutional rule in part as an interpretation of a state statute that prohibits "excessive, inadequate or unfairly discriminatory" insurance rates. Every other state imposes a similar statutory requirement. Thus, every other state has an opportunity to follow California's lead and establish rates within their current statutory schemes that prevent insurance companies from recovering their cost of capital.

The California Supreme Court has set the new floor for insurance ratemaking, in part through a gross misreading of the phrase "deep financial hardship" in *Jersey Central Power & Light Co.* v. *FERC*, 810 F.2d 1168 (D.C. Cir. 1987) (*en banc*). It is plain from the language of that opinion and from this Court's decisions that a taking occurs well before a regulated entity is in deep trouble. The reinterpretation of *Jersey Central* by a bellwether state supreme court is likely to exert a significant influence on other courts and regulators, particularly when it may be in their interest to agree

with the California court. The resulting race to the bottom will produce confiscation nationwide.

REASONS FOR GRANTING THE PETITION

Last Term, this Court found it necessary to reaffirm that property rights are entitled to as much protection as other rights enumerated in the Constitution: "We see no reason why the Takings Clause of the Fifth Amendment, as much a part of the Bill of Rights as the First Amendment or Fourth Amendment, should be relegated to the status of a poor relation . . . ." *Dolan v. City of Tigard*, 114 S. Ct. 2309, 2320 (1994). The California Supreme Court's decision in the present case is a striking example of a court not taking property rights seriously. That court held that state rate regulators could ignore the cost of capital, critical to the long-term survival of any firm, as long as the regulated rate did not promise immediately to plunge a firm into "deep financial hardship." Pet. App. 82a. This draconian standard promises profound adverse consequences for insurance companies and their policyholders in California and nationwide. A full understanding of these consequences establishes this as a case of extraordinary importance. *Amici* urge this Court to set this case for plenary review and reverse the decision below.

A. Loss Of The Opportunity To Recover Cost Of Capital Undermines The Financial Stability Of Insurance Companies And The Security That Policyholders Purchase

For the California Supreme Court, the cost of capital is merely an "interest" that insurance companies might pursue rather than a necessary element of a nonconfiscatory regulated rate. Pet. App. 79a. The

court concluded that state regulators need not consider the cost of capital in setting insurance rates. This constitutional error ignores the full importance of cost of capital.

The effect of a state-regulated rate that precludes a company from recovering its cost of capital is more than just a cost of doing business in a regulated environment. Such regulation goes beyond a diminution in profits; recovery of the cost of capital is necessary to the continuing viability of any business. For this reason, a regulated rate that guarantees that a business will not be able to recover its cost of capital is a taking:

> The compensation which the Constitution guarantees an opportunity to earn is the reasonable cost of conducting the business. Cost includes not only operating expenses, but also capital charges. Capital charges cover the allowance, by way of interest, for the use of capital, whatever the nature of the security issued therefor; the allowance for risk incurred; and enough more to attract capital.

Southwestern Bell Tel. Co. v. Public Serv. Comm'n, 262 U.S. 276, 291 (1923) (Brandeis, J., concurring). Accord *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944). The opportunity to recover cost of capital is more than a business "interest," it is part of the Fifth Amendment's minimum constitutional guarantee. A state cannot prevent a legitimate enterprise from attempting to stay in business.

Without the opportunity to recover its cost of capital, no business can do so.[1]

An insurance company, like any other business, is an investment. Those who supply capital to the firm do so with the expectation that they will receive a return on their investment. There is a market for such capital. The decision to invest capital in any particular business will be based on the expected rate of return and the risk involved.

The cost of capital describes the rate of return a business must produce to attract capital in a competitive market: The cost of capital, sometimes called the "opportunity cost of capital," is the expected rate of return available from other investments with comparable risk. Richard A. Brealey & Stewart C. Myers, *Principles of Corporate Finance* 13 (4th ed. 1991). See also *Hope*, 320 U.S. at 603 ("the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks"). It is an opportunity cost because the cost of capital is the opportunity foregone by investing in one investment rather than another. If a business is not expected to produce a rate of return at least comparable to that available from other investments with similar

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[1] Contrary to the Commissioner's contention, the argument here is not that insurance companies have a constitutional right to achieve a certain level of profit, or even a right to stay in business. See Opp. in No. 94-1119 at 17-19. But insurance companies, like any other legitimate enterprise, have a right to *attempt to* stay in business. A regulated rate that guarantees that a firm will be unable to recover a necessary cost of doing business is a taking. *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 312 (1989).

risk, capital will flow away from that business into superior investments.

It is not enough that a business make a profit; the rate of return must be sufficiently high to warrant the risk that capital investors face or they will put their money elsewhere. The riskier the business, the higher the rate of return the business must produce to attract capital.

Insurance is by definition a risky business; future uncertain events are an insurance company's stock in trade. Insurance companies, particularly smaller companies like petitioner 20th Century, must make a profit comparable to other risky investments. Commissioner Garamendi contends that he set rates for insurance companies based on a 10 percent rate of return.[2] Pet. App. 186a. Petitioners demonstrated that the actual rate of return is significantly lower. Pet. in

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[2] The Commissioner derived the 10 percent figure from historical rates of return for the insurance industry. Pet. App. 188a-190a. The cost of capital bears no necessary relation to a business's historical rate of return. Historical rate of return is a measure of how a company has done in the past; the cost of capital is a measure of how well the company will need to do in the future. Yet the Commissioner and the California Supreme Court imply that an insurance premium rate is constitutional if it allows each company a rate of return comparable to historical averages for the industry as a whole. This is error, first because the cost of capital may vary widely between insurance companies depending on their riskiness; premium rates based on industry average rates of return ignore these differences. Second, historical rates of return do not establish the rate of return a company will need in the future. A regulated rate that guarantees failure by precluding a company from setting prices high enough to allow it to stay in business is a taking.

No. 94-1119 at 17-18.[3] But even a rate of return limited by government regulation to 10 percent is plainly insufficient in a market (in 1989) where investors could earn over 8 percent by investing in risk-free government securities. An insurance investor faces the significant risk of losing capital to future unforeseen events against which the company has insured, and must be compensated accordingly. The cost of capital takes into account the riskiness of the business. The Commissioner's rates, and the regulatory scheme the California Supreme Court approved, ignores risk and ignores the certainty that investors will move capital into safer investments or into investments of comparable risk with a higher rate of return.

An insurance company's primary capital is the funds that stand behind its ability to pay claims and meet the demands of unexpected events. When catastrophes occur, claims must be paid from this surplus. Petitioner 20th Century Insurance, for example, lost 92 percent of its capital as a result of losses from the 1994 Northridge earthquake. The insurance company must replace that capital if it is to continue to operate and support its policyholders. But if a state has mandated that a company cannot charge rates sufficient to cover the cost of capital, new capital may not be forthcoming.

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[3] The unfairness of the 10 percent rate is manifest in the fact that the Commissioner promulgated the rollback regulations two years after the rollback period, and then did not allow insurance companies to recognize legitimately incurred business expenses. See Pet. App. 184a n.30.

Even in the absence of unforeseen disasters, a company unable to recover its cost of capital eventually will find its capital going elsewhere. Mutual companies, which pay out profits in the form of dividends to policyholders, will lose policies. Stock companies that cannot cover their cost of capital will see the value of their stock drop, making it far more difficult to raise capital through loans and the issuance of new securities. A company guaranteed not to make its cost of capital will begin a downward spiral of lost capital that will significantly impair the firm.[4]

The decline in capital that results from a confiscatory regulated rate imposes heavy costs on policyholders as well as on the owners of insurance companies. When an insurance company loses its surplus capital, its ability to handle future losses is diminished. The enterprise becomes riskier for policyholders, both in California and in every other state in which the company writes policies.[5] In the insurance industry, this is fatal risk, for

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[4] A regulated rate that prevents a firm from recovering cost of capital is a taking, however, long before the firm is driven to bankruptcy. A firm that cannot recover its cost of capital, by that fact alone, suffers "the sort of deep financial hardship described in *Hope*." *Jersey Cent. Power & Light Co. v. FERC*, 810 F.2d 1168, 1181 n.3 (D.C. Cir. 1987) (*en banc*).

[5] The California Supreme Court's disregard for policyholders in other states appears extraordinarily broad. The most natural reading of the court's "deep financial hardship" standard is that it focuses on the financial status of the insurance company *as a whole*. Under this standard, as long as a company is able to collect enough premiums from policyholders in other states to avoid "deep financial hardship," California would be permitted to reduce the maximum allowable rates for its citizens as far as it desires--even to 0--without violating the Takings Clause.

the stability of the firm and its ability to stand behind its policies is the "rock" that policyholders purchase. What is taken in such a case is not only the property of the insurance company, but the security of policyholders.

B. The California Supreme Court's Rate Regulation Takings Standard Threatens To Entice Other States To A Race To The Bottom

The California Supreme Court announced its rule that the Constitution does not require consideration of cost of capital in the context of a state statute that establishes limits on insurance rate regulation. A key component of Proposition 103 recites:

> No rate shall be approved or remain in effect which is excessive, inadequate [or] unfairly discriminatory . . . .

Cal. Ins. Code § 1861.05(a) (West 1994). The California court made clear repeatedly that the minimum rates allowed under the statute in this case are coextensive with the constitutional minimum under the Takings Clause: "Under the rate rollback requirement provision--to use the terms appearing in Insurance Code § 1861.05, subdivision (a)--a rate is 'inadequate' if confiscatory and 'excessive' if more than minimally nonconfiscatory and above 80 percent of the 1987 rate." *E.g.*, Pet. App. 26a; *id.* 10a-11a; *id.* 68a. The "inadequate" standard of § 1861.05(a) does nothing more than prohibit "maintenance of confiscatory rates." *Id.* at 9a (internal quotations omitted). And nonconfiscatory rates, according to the California Supreme Court, need not allow insurance companies an opportunity to recover their cost of capital.

This decision threatens a wide and unfortunate effect, for California is not alone in prohibiting "excessive" and "inadequate" insurance rates. The insurance code of *every* state (and the District of Columbia, Puerto Rico, and the Virgin Islands) provides that insurance rates shall not be "excessive, inadequate, or unfairly discriminatory."[6] Thus, every other state

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[6] At least twenty-seven states in addition to California have "prior approval" systems for setting insurance rates and use an "excessive, inadequate or unfairly discriminatory" standard for rate-setting. See, e.g., Ala. Code §§ 27-13-30, 27-13-1 (1994); Alaska Stat. §§ 21.39.040, 21.39.030 (1994); Ark. Code Ann. §§ 23-67-211, 23-67-213 (Michie 1994); Del. Code Ann. tit. 18 §§ 2501, 2503, 2504, 2605 (1994); D.C. Code Ann. §§ 35-1703, 35-1704 (1994); Haw. Rev. Stat. Ann. §§ 431:14-104, 431:14-103 (Michie 1994); Kan. Stat. Ann. § 40-1113 (1993); La. Rev. Stat. Ann. §§ 22:1404, 22:1407, 22:1402 (West 1993); Md. Code Ann., Ins. § 242 (Michie 1994); Mass. Gen. L. Ann. ch. 174A, §§ 5, 6, ch. 175A , § 6 (West 1994); Mich. Comp. Laws Ann. §§ 500.2406, 500.2420 (West 1994); Miss. Code Ann. §§ 83-2-7, 83-2-3 (1993); Neb. Rev. Stat. § 44-5020, 44-5002 (1994); Nev. Rev. Stat. §§ 686B.110, 686B.050 (1993); N.J. Stat. Ann. §§ 17:29A-6, 17:29A-7, 17:29A-10 (West 1994); N.M. Stat. Ann. §§ 59A-17-9, 59A-17-3, 59A-17-6 (Michie 1994); N.D. Cent. Code §§ 26.1-25-04, 26.1-25-01, 26.1-25-03 (Michie 1993); Ohio Rev. Code Ann. §§ 3935.04, 3935.03 (Anderson 1992); Okla. Stat. Ann. tit. 36, §§ 903, 901.1, 902 (West 1994); 40 Pa. Cons. Stat. Ann. §§ 1184, 1181, 1183 (West 1994); P.R. Laws Ann. tit. 26, §§ 1205, 1206, 1201, 1204 (1990); R.I. Gen. Laws Ann. §§ 27-6-8, 27-6-1, 27-6-4 (Michie 1993); S.C. Code Ann. §§ 38-73-960, 38-73-10 (Law Co-op. 1993); S.D. Codified Laws §§ 58-24-10, 58-24-15, 58-24-16, 58-24-1, 58-24-5, 58-24-6 (1994); Wash. Rev. Code Ann. §§ 48.19.060, 48.19.020 (West 1993); W. Va. Code §§ 33-20-4, 33-20-1, 33-20-3 (Michie 1994); Wisc. Stat. Ann. §§ 626.13, 625.01, 625.11 (West 1994).

Every other state imposes some sort of system for reviewing and regulating insurance rates, and these States employ the same language to set the limits of permissible rates. See, e.g., Ariz. Rev. Stat. Ann. §§ 20-385, 20-341 (West 1994); Colo. Rev. Stat. Ann. §§ 10-4-401, 10-1-101, 10-1-108 (West 1994); Conn. Gen. Stat.

may have an opportunity to follow California's erroneous lead and establish rates within their current statutory schemes that prevent insurance companies from recovering their cost of capital.

State insurance regulators have a strong incentive to reduce insurance rates down to the constitutional minimum. The California Supreme Court, through its misapplication of the Takings Clause in this case, has established a new floor. Any resulting race to the bottom will produce confiscation nationwide.

The California Supreme Court has made it easier for courts and regulators in other states to establish this new constitutional standard by misinterpreting relevant authority. The California court essentially ignored this Court's decisions in *Hope* and *Duquesne*--and the

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Ann. §§ 38a-676, 38A-688, 38a-208 (West 1993); Fla. Stat. Ann. §§ 627.062 (West 1994); Ga. Code Ann. §§ 33-9-21, 33-9-1, 33-9-4 (1994); Idaho Code § 41-1402 (Michie 1994); Ill. Rev. Stat. ch. 215, § 456 (West 1994); Ind. Code Ann. §§ 27-1-22-4, 27-1-22-1, 27-1-22-3 (West 1994); Iowa Code Ann. §§ 515F.5, 515F.24 (West 1993); Ky. Rev. Stat. Ann. §§ 304.13-051, 304.13-031 (Michie 1994); Me. Rev. Stat. Ann. tit. 24-A, §§ 2304-A, 2301, 2303 (West 1994); Minn. Stat. Ann. § 70A.06 (West 1994); Mo. Ann. Stat. §§ 379.321 379.318 (Vernon 1993); Mont. Code Ann. §§ 33-16-203, 33-16-234, 33-16-101 (1993); N.H. Rev. Stat. Ann. §§ 414:4, 414:1 (1993); N.Y. Ins. Law §§ 2321, 2305 (McKinney 1994); N.C. Gen. Stat. §§ 58-36-15, 58-36-10 (Michie 1994); Or. Rev. Stat. §§ 737.207, 737.025, 737.310 (1993); Tenn. Code Ann. §§ 56-5-305, 56-5-306, 56-5-303 (1994); Tex. Ins. Code Ann. § 5.13-2 (West 1994); Utah Code Ann. §§ 31A-19-101, 31A-19-201, 31A-19-203 (1994); Vt. Stat. Ann. tit. 8, §§ 4688, 4689 (1993); V.I. Code Ann. tit. 22, §§ 53A, 1491 (1994); Va. Code Ann. §§ 38.2-2008, 38.2-1904 (Michie 1994); Wyo. Stat. §§ 26-14-107, 26-14-108, 26-14-101 (1994).

concurrence in *Southwestern Bell* on which they are based--which establish that the "Constitution guarantees" the opportunity to recover cost of capital. See *Southwestern Bell*, 262 U.S. at 291 (Brandeis, J., concurring). Instead, the California Supreme Court derived its standard principally from a gross misreading of the phrase "deep financial hardship" in *Jersey Central Power & Light Co.* v. *FERC*, 810 F.2d 1168 (D.C. Cir. 1987) (*en banc*). That decision expressly recites that a taking occurs when a regulated rate produces "the sort of deep financial hardship described in *Hope*." *Id.* at 1181 n.3. *Hope* explains that a taking occurs when a regulated firm is not allowed to recover its cost of capital. "Deep financial hardship" was perhaps an unfortunate choice of words in *Jersey Central*, but it is plain from the language of that opinion and, more importantly, from this Court's decisions, that a taking occurs well before a regulated entity reaches the precipice of bankruptcy.

The conflict between *Jersey Central* and the California Supreme Court's decision in this case is especially troubling because *Jersey Central* is an *en banc* decision from the premier federal court of appeals on rate-setting issues. The reinterpretation of *Jersey Central* by a bellwether state supreme court is likely to exert a significant influence on other courts and regulators, particularly when it may be in their interest to agree with the California court. This Court should

grant review to eliminate this conflict and avoid the race to the bottom.[7]

CONCLUSION

For the foregoing reasons, the Court should grant the petitions for writ of certiorari and set the case for plenary review.

January 25, 1995

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[7] The California Supreme Court's decision also conflicts expressly with the Ninth Circuit's decision in *Guaranty Nat'l Ins. Co.* v. *Gates*, 916 F.2d 508 (9th Cir. 1990). The Ninth Circuit declared that a regulated entity must be allowed to do more than "break even." *Id.* at 515. The California Supreme Court held that a regulated firm "has no constitutional right to a profit . . ., [i]ndeed, such a firm has no constitutional right even against a loss." Pet. App. 79a. This conflict between two courts whose jurisdiction includes California is sufficient reason to grant certiorari. See *Yee* v. *Escondido*, 112 S. Ct. 1522, 1534 (1992).

APPENDIX

PROPOSITION 103 ROLLBACK ORDERS
NOVEMBER 22, 1994

Insurance Commissioner John Garamendi

	NAME OF GROUP/COMPANY	1989 MARKET SHARE	REFUND AMOUNT	INTEREST from 5/8/89 to 7/1/95	TOTAL: REFUND AMOUNT + INTEREST
1.	FIREMAN'S FUND GROUP	3.1126%	$100,246,125	$61,658,223	$161,904,358
2.	CHUBB & SON INC.	1.7260%	$86,012,117	$52,903,343	$138,915,460
3.	HARTFORD FIRE & CASUALTY	1.6931%	$94,835,870	$58,330,556	$153,166,426

	NAME OF GROUP/COMPANY	1989 MARKET SHARE	REFUND AMOUNT	INTEREST from 5/8/89 to 7/1/95	TOTAL: REFUND AMOUNT + INTEREST
4.	NATIONWIDE CORP.	1.6744%	$57,788,630	$35,543,965	$93,332,595
5.	OHIO CASUALTY GROUP	1.0845%	$38,248,657	$23,525,544	$61,774,201
6.	LIBERTY MUTUAL GROUP	0.9629%	$3,903,883	$2,401,155	$6,305,038
7.	HOME INS. GRP. OF NEW YORK	0.8595%	$40,780,487	$25,082,792	$65,863,279
8.	TRAVELERS INS. COS.	0.8481%	$18,843,270	$11,589,901	$30,433,171
9.	RELIANCE GROUP INC.	0.8442%	$44,751,102	$27,524,993	$72,276,095
10.	MARYLAND CASUALTY COMPANIES	0.7657%	$1,122,906	$690,664	$1,813,570
11.	AMERICAN FINANCIAL INS. GRP.	0.6748%	$45,475,786	$27,970,723	$73,446,509
12.	GOLDEN EAGLE INSURANCE CO.	0.6552%	$15,378,274	$9,458,692	$24,836,966
13.	CENTURY NATIONAL INS. CO.	0.5574%	$23,346,825	$14,359,896	$37,706,721
14.	COLONIAL PENN GROUP	0.4756%	$35,275,315	$21,696,735	$56,972,050
15.	ZURICH-AMERICAN INS. COS.	0.4437%	$26,722,095	$16,435,919	$43,158,014
16.	US FIDELITY & GUARNATY GROUP	0.4322%	$18,500,538	$11,379,098	$29,879,635
17.	ALLIED GROUP (includes Western Heritage Ins. Co.)	0.4217%	$16,558,633	$10,184,694	$26,743,327

	NAME OF GROUP/COMPANY	1989 MARKET SHARE	REFUND AMOUNT	INTEREST from 5/8/89 to 7/1/95	TOTAL: REFUND AMOUNT + INTEREST
18.	REPUBLIC FINANCIAL SERVICES (Winterthur U.S. Holding Group)	0.3873%	$19,911,324	$12,246,828	$32,158,152
19.	ATLANTIC COMPANIES	0.3550%	$10,824,179	$6,657,612	$17,481,791
20.	CALIFORNIA INSURANCE GROUP	0.3454%	$9,933,624	$6,109,859	$16,043,483
21.	UNITRIN GROUP	0.3356%	$11,570,280	$7,116,515	$18,686,795
22.	LAWYERS MUTUAL INS. CO.	0.2593%	$18,186,479	$11,185,930	$29,372,409
23.	UNIVERSAL UNDERWRITERS INS. GRP.	0.2651%	$ 3,026,112	$1,861,266	$4,887,378
24.	GENERAL ACCIDENT INS. GRP.	0.2358%	$10,819,767	$6,654,898	$17,474,665
25.	CLARENDON INS. GROUP	0.2328%	$4,140,383	$2,546,619	$6,687,002
26.	TOPA EQUITIES LIMITED	0.2168%	$6,045,786	$3,718,572	$9,764,358
27.	ALLIANZ INSURANCE GROUP	0.2130%	$4,231,575	$2,602,709	$6,834,284
28.	ALLENDALE GROUP	0.2123%	$10,132,320	$6,232,071	$16,364,391
	TOTALS	20.2900%	$776,612,342	$477,669,782	$1,254,282,124